

EXHIBIT 64

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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DEXIA SA/NV, DEXIA HOLDINGS, INC.,
FSA ASSET MANAGEMENT LLC and
DEXIA CREDIT LOCAL SA,

ECF Case

Plaintiffs,
No. 12-cv-4761 (JSR)

VS.

BEAR STEARNS & CO. INC., THE
BEAR STEARNS COMPANIES, INC.,
BEAR STEARNS ASSET BACKED
SECURITIES I LLC, EMC MORTGAGE
LLC (f/k/a EMC MORTGAGE
CORPORATION), STRUCTURED ASSET
MORTGAGE INVESTMENTS II INC.,
J.P. MORGAN MORTGAGE ACQUISITION
CORPORATION, J.P. MORGAN
SECURITIES LLC (f/k/a JPMORGAN
SECURITIES INC.), WAMU ASSET
ACCEPTANCE CORP., WAMU CAPITAL
CORP., WAMU MORTGAGE SECURITIES
CORP., JPMORGAN CHASE & CO. and
JPMORGAN CHASE BANK, N.A.,

Defendants.

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VIDEOTAPED DEPOSITION OF

DAVID BECK

December 7, 2012

1285 Avenue of the Americas

New York, New York

Reported by: AYLETTE GONZALEZ, CLR
JOB 56345

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2 EXAMINATION BY

3 MR. VAN KWAEGEN:

4 Q. Good morning, Mr. Beck. Could you
5 please state your name -- full name and
6 address for the record, please.

7 A. David Beck, 71 Wahackme Road, New
8 Canaan, Connecticut.

9 Q. During 2006 and 2007, you were in
10 charge of WaMu's -- WaMu's securitization
11 division; is that right?

12 A. I was in charge of WaMu Capital
13 Corp. which did the securitizations.

14 Q. And WaMu Capital Corp. did all the
15 securitizations in 2006 and 2007 for WaMu; is
16 that right?

17 A. Lead manager, yes. There were,
18 obviously, co-managers.

19 Q. And for the vast majority of
20 securitizations, including Washington Mutual
21 loans or Long Beach loans, Washington Mutual
22 Capital Corp. would be a lead manager; is that
23 correct?

24 A. It would be a leader or co-lead.
25 Lead in the matter of the Washington Mutual

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2 Q. The subject is: "Review of Long
3 Beach Mortgage".

4 Do you see that?

5 A. Yes.

6 Q. Then the rating is opportunities
7 for improvement, right, up at the top?

8 A. Yes.

9 Q. First sentence says, "Long Beach
10 Mortgage Company is a non-bank subsidiary of
11 Washington Mutual, Inc. specializing in
12 underwriting subprime mortgage loans secured
13 by one to four-family residences."

14 You see that?

15 A. I do.

16 Q. "Loans originated through broker
17 network or purchased through a correspondent
18 network," correct? That's what it says?

19 A. It does.

20 Q. Is that your understanding of what
21 generally Long Beach Mortgage's operations
22 were in 2005, 2006, 2007?

23 A. Yes, Long Beach had no retail
24 branches.

25 Q. And it was specializing in

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2 Q. Right in front of me. Too many
3 folders.

4 Mr. Beck, we're going to switch
5 gears a little bit and talk about WaMu's
6 higher risk lending strategy. Do you know
7 what I refer to when I say higher risk lending
8 strategy at WaMu?

9 A. No, I don't.

10 Q. During your time at WaMu, were you
11 aware that WaMu would implement five-year
12 plans to provide strategic direction to the
13 company?

14 A. Yes.

15 Q. Were you aware that a new strategic
16 plan was proposed in 2004 and started to
17 become implemented in 2005?

18 A. If that's the -- yes, I'm aware
19 that we did these five-year plans, absolutely.

20 Q. What was your -- generally
21 speaking, what is your recollection of the
22 five-year plan that started to become
23 implemented in 2005? How did it affect you?

24 A. Well, my recollection in 2005 is
25 that -- related to home loans, that there was

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2 just a tremendous amount of investor demand
3 for mortgage or residential mortgage-backed
4 securities, tremendous demand.

5 The -- the demand led to a review
6 of higher margin products, which maybe you're
7 referring to, that got into the five-year
8 plan.

9 Q. And so when you said home loans,
10 you actually meant WCC? Like WCC started to
11 grow quite rapidly and the number of
12 securitizations started to grow quite rapidly?

13 A. So, around that time frame, yes.
14 Yes.

15 Q. I'm going to hand you a document
16 what will be marked Exhibit 12.

17 (Exhibit 12, document bearing
18 Bates label JPM_WM5385579 through
19 '5594, marked for identification, as
20 of this date.)

21 Q. Mr. Beck, I just handed you a
22 document that has been marked as Exhibit 12, a
23 June 1, 2004 memorandum from Kerry Killinger,
24 WaMu CEO, to the Board of Directors entitled
25 "Strategic Direction."

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2 all these products are different. And I
3 assume we were doing them in 2005, so we have
4 to do them in 2008. But all the guidelines,
5 the home equity, credit guideline is going to
6 be different from an Alt A.

7 Q. Was it your understanding that when
8 Washington Mutual would grow the volume of Alt
9 A and subprime mortgages between 2005 and
10 2008, that the majority of those newly
11 originated mortgages would be securitized?

12 A. Yes. WaMu only had a certain
13 amount of capital every year that they could
14 devote to its balance sheet growth and that
15 was much smaller than its origination
16 capacity.

17 Q. And did you believe, in 2005, 2006
18 that WaMu should apply a different methodology
19 for analyzing the credit risk of the loans
20 that it was acquiring, depending on whether
21 WaMu would keep the loan on its books or
22 whether the loans would be securitized through
23 your WCC organization?

24 A. I think that the credit risk that
25 we analyzed for the loans that we securitized

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2 A. Well, the -- when you have a sales
3 force, and I'm talking now not about a
4 borrowers' sales force, but a security sales
5 force that talks to customers, you have
6 detailed knowledge that you would not
7 otherwise have about products that they want,
8 yields that they need to achieve to hit their
9 targets. Other -- other issues that they
10 might be interested in. So, if you're only --
11 if you only have half of that process you --
12 you must rely on a third party to -- to relay
13 that information to you.

14 Q. So you're basically cutting out the
15 middle man on Wall Street?

16 A. Yeah. Could never cut them out
17 entirely, but we can participate in -- in the
18 distribution. So, manufacture and
19 distribution, so...

20 Q. And you were successful in this
21 business model, right?

22 A. In 2006, we were successful.

23 Q. Turn to the next page, 27. It
24 says, "Our rapid rise in the rankings is
25 fueled by our conduit program which focuses on

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2 high margin products."

3 What is the conduit program?

4 A. The conduit program is the purchase
5 from third-party originators, small banks and
6 non-banks of loans and then securitizing them.

7 Q. And those banks, could they be
8 corresponding banks, for example, to Long
9 Beach and underwrite to Long Beach's
10 guidelines, Long Beach would purchase them and
11 you would securitize them?

12 A. Generally, no. Generally, no. So,
13 Long Beach was a broker channel. So, those
14 loans were brokered and closed in WaMu's name.
15 These loans were generally closed in the
16 third-party's name, so...

17 Q. Put that on the side.

18 A. Yes.

19 Q. Earlier today, we talked about
20 various OTS examinations in 2004 and 2005. Do
21 you remember that?

22 A. Sure.

23 Q. I show you a document that we
24 marked as Exhibit 16.

25 (Exhibit 16, document bearing

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2 the examiners identified weaknesses, including
3 single family residential underwriting
4 including Long Beach Mortgage Corporation."

5 Do you see that?

6 A. Yes, I do.

7 Q. Were you aware in 2006 that OTS and
8 FDIC examiners had met with WaMu's board of
9 directors to discuss concerns about
10 underwriting at Long Beach Mortgage?

11 A. No.

12 Q. Next page, page 3 of the
13 presentation, bottom of DEXDEP '3901 says,
14 "Improved Single Family Underwriting."

15 Do you see that?

16 A. I do.

17 Q. It says, "The 2005 examination
18 found continuing concerns in the quality of
19 single family residential underwriting
20 including Long Beach Mortgage Corporation.
21 The levels of errors in the loan origination
22 process, the independence of appraisers and
23 quality of appraiser assisted automation
24 valuation model appraisals used to value
25 single family residential loans."

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2 Do you see that?

3 A. I do.

4 Q. Were you aware that in 2005, 2006,
5 were you aware that government examinations
6 had found continued concerns with the quality
7 of single family residential underwriting at
8 Washington Mutual?

9 A. No, I wasn't aware or aware of this
10 meeting.

11 Q. Were you aware in 2005, 2006 that
12 government examinations had found continued
13 concerns in the levels of errors in the loan
14 origination process at Washington Mutual?

15 A. No.

16 Q. Or the independence of appraisers?

17 A. These are not in any way my areas
18 of responsibility.

19 Q. So, Mr. Schneider, your boss or
20 Mr. Rotella, his boss or Mr. Killinger, his
21 boss, never came to you and said, government
22 examinations had found continued concerns with
23 the quality of single family and residential
24 underwriting or the levels of errors in the
25 loan origination process or the independence

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2 of appraisers in the origination of WaMu
3 loans?

4 A. Never. Never. Never came to me.

5 Q. Did WCC ever disclose through RMBS
6 purchases that WaMu board itself had concerns
7 about the quality of new -- newly originated
8 WaMu loans?

9 A. No.

10 Q. Did WCC ever disclose to the RMBS
11 purchases that the FDIC or OTS had concerns
12 about the quality of single-family residential
13 underwriting at Washington Mutual?

14 A. No.

15 Q. Or that the FDIC or OTS had
16 concerns about the levels of errors in the
17 Washington Mutual loan origination process?

18 A. No. Our disclosures don't contain
19 information about meetings at the board level
20 between the OTS and Kerry Killinger. Our
21 disclosures do contain tremendous amounts of
22 information about the loans and their quality,
23 but we're not -- we're not putting in board
24 documents into securitizations, nor are
25 anybody else to my better knowledge in the

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2 market place.

3 Q. You did not put in the fact that
4 OTS had concerns about the loan origination
5 processes or appraisal independence and had
6 raised that with Washington Mutual board?

7 A. No, we did not. We -- we did, I
8 think, a rather extensive job of highlighting
9 the risks in mortgage-backed securities and
10 the underlying loans and the PSAs are pretty
11 detailed -- pretty detailed in terms the loans
12 and the process. But we're not -- we're not
13 putting in internal e-mails or board meeting
14 minutes in PSA documents.

15 Q. I'm not really talking about
16 internal e-mails or board meetings. I'm
17 talking about the fact that OTS had raised
18 concerns that that had been communicated,
19 right?

20 A. Yes.

21 Q. Did Washington Mutual Capital Corp.
22 ever disclose to RMBS investors that the OTS
23 had raised concerns about the loan
24 underwriting processes at Washington Mutual?

25 A. No.

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2 A. So, for the -- for the Washington
3 Mutual portfolio, our standard operating
4 procedure was to securitize Long Beach loans,
5 not portfolio them. So, it's a -- I was
6 aware, as we referred to earlier in that slide
7 where we were talking about the strategy, that
8 perhaps we would move to more subprime loans
9 on our balance sheet. And we had a number of
10 places to get subprime loans from; SMF is on
11 here, as well -- which is the specialty
12 mortgage finance we talked about earlier.

13 So, I definitely am aware of
14 putting subprime loans on the balance sheet.
15 The OTS, I think, Kerry is saying may not want
16 us yet to put Long Beach loans on the balance
17 sheet, which we weren't doing. I think we
18 were asking them about, would you be okay with
19 it.

20 Q. During 2005, 2006, did you ask
21 Mr. Schneider, Mr. Killinger, Mr. Rotella,
22 whether they were comfortable with the credit
23 of Long Beach mortgages?

24 A. No.

25 Q. Did you ask Ms. Feltgen whether she

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2 was comfortable with the credit of Long Beach
3 mortgages?

4 A. No.

5 Q. Did you ask anyone in the credit
6 organization whether they were comfortable
7 with the Long Beach mortgages credit during
8 2005 or 2006?

9 A. No. The credit -- I would assume
10 the credit organization needs to get
11 comfortable with the Long Beach credit.

12 Q. But you did not ask them?

13 A. I did not.

14 Q. Now, between 2003 and 2007, did
15 Washington Mutual ever slow down the Long
16 Beach origination of mortgages to address
17 underwriting efficiencies or concerns?

18 A. We eventually had to put it out of
19 business.

20 Q. When was it put out of business?

21 A. Probably end of 2007.

22 Q. So, prior to that. So, between
23 2003 and 2007. So 2003, '4, '5, '6, during
24 that time frame, did Washington Mutual ever
25 slow down Long Beach origination to address

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2 underwriting deficiencies or concerns?

3 A. Not to my knowledge.

4 Q. During the same time frame, did

5 Washington Mutual ever slow down the

6 securitization of Long Beach mortgages to

7 address underwriting deficiencies or concerns?

8 A. No, not to my knowledge.

9 Q. During the same time frame, 2000 --

10 let me back up.

11 During 2004, '5 and '6, did you

12 ever ask anyone within the credit organization

13 whether they were comfortable with the credit

14 of WaMu originated loans as opposed to Long

15 Beach originated loans?

16 A. No. The people that I had

17 discussions with about comfort were my capital

18 markets team and their sales team about what

19 our investors would have been telling us. And

20 then, of course, we get direct feedback about

21 the pricing of our new issue securities and

22 then how they trade in the secondary market.

23 So, our focus was were investors

24 interested in the product that we had, at what

25 price, how did it compare with others in the

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2 A. Yes.

3 Q. Now, in putting these criteria
4 together, was it your assumption that the
5 loans in this pool were generally would have
6 been underwritten in accordance with the
7 guidelines that had been represented to you?

8 A. Yes.

9 Q. If they had not been, a number of
10 these parameters could have changed, correct,
11 would not be reliable anymore?

12 A. That's right.

13 Q. Now, before you started at WMB, you
14 came from GE?

15 A. I did.

16 Q. What was your role there?

17 A. My last role was chief investment
18 officer for GE Financial Assurance.

19 Q. And in that role, were you
20 acquiring mortgage-backed securities or loan
21 pools or both?

22 A. Mortgage-backed securities.

23 Q. And in buying mortgage-backed
24 securities, would you have similar worksheets
25 to analyze the -- the purchase decision